

*David Pepper, President, Hamilton County Commission*

## **State of the County Speech**

The Rotary Club, February 18, 2010

Rotarians, Commissioners, Sheriff Leis, Engineer Brayshaw, Recorder Coates, City Councilmembers, state senators and state representatives. Thank you for being here.

Rotarians, one year ago, we together launched what I hope will become an annual tradition of a State of the County speech. It's an important part of making our County's vision and strategies, along with its results, more transparent. And I'm thrilled that you have invited me back to begin its second year.

Last year, I made the point that 2009 looked to be a year of challenge. But I also stated that the challenge brought an opportunity to do things differently, break some bad habits from the past, and do better--be more competitive--than we have been before.

One very fast year later, I must say, I was definitely right about the first prediction. 2009 was no doubt a year of challenge, and struggle. Even greater than most of us anticipated.

But amid the challenge, the County not only did all we could to get through it, we seized at every opportunity to move in important new directions. Over and over again, we competed, and more times than not, we won. And as a result, I'm proud to say we're well-positioned for 2010 and beyond.

### **The Challenge of 2009**

First, let's review 2009, where the County itself provided a great indicator of the overall economic crisis.

As families were hit by the recession, consumer confidence fell, and our sales tax was hit hard. With a **7.5% decrease**, we saw the **biggest one-year fall since County sales tax began in 1970**. In 40 years, the worst year prior to that had been a drop of 2.6% (Sept. 11).

As the housing market dried up, so did our revenues from property sales and transactions, **plummeting 42%** since 2007. And our interest earnings are off 50%.

More fundamentally, though, this recession hit our residents and families the hardest. The doors of our county buildings were filled like never before with people looking for help.

One service the county manages is **distributing food stamps**. To be eligible for food stamps, a family must be working, and be under 130% of the poverty level (two parents with two kids, \$23,000).

In Jan. 2007, county distributed food stamps to 77,000 recipients. In Jan. 08, 80,000. In Jan. 09, 93,000. After 2009, anyone want to guess how many people are receiving the help? **119,000 (one in 7)**.

Other programs saw the same: Cash assistance jumped almost 40% since Jan. 2009, and Medicaid jumped 20%, to 140,000 (one in 6).

Just as startling, **35% of those who came through those county doors had never been there before**. They had never needed the help before 2009.

So 2009, the Great Recession hit here hard. Hit our families hard. Hit the County hard.

But I'm proud to say we responded.

### **Fiscally Responsible Through Tough Times**

First, as a government, facing a perfect storm of revenue declines, we reacted responsibly.

We kept our **own house in order**. And we lived within our means, however reduced those means were.

How did we do this?

Rather than putting our head in the sand until it was too late, we soberly **planned for the worst**, and **made adjustments every step of the way**. Along the way:

We made tough choices about priorities.

We reformed how we do things, consolidating multiple departments.

Elected officials across the county found ways to do more with less, looking under every rock for new solutions. For example, Commissioner Hartmann is reforming the way we purchase supplies and equipment, while the Sheriff eliminated some take home cars and used drug forfeiture dollars to help get us through the tough time.

We eliminated frivolous spending and saved on energy costs. And through Project Gain, our employees themselves have identified thousands of dollars in savings.

Speaking of County employees, we asked much of them. They agreed to wage freezes and furloughs. And the commissioners, top administrators and many elected shared in the sacrifice, furloughing ourselves to set the example from the top.

Everyone chipped in. Everyone stepped up.

And when all was said and done, when the dust settled, we accomplished a **historic one-time reduction in the size of County government. We reduced the County budget by \$60 million, 22%, in two years, to the amount it was in 1998.** I dare say no other two year cycle in county history saw this level of spending reduction. It was not easy, was not fun, but it was required.

And we solved this budget challenge without asking our citizens to pay more in taxes.

In one way, what we did isn't at all special. Indeed, it's what every family and business has had to do. Reduce spending, live within limited means, and set priorities. But for government, that is unfortunately a rare response.

Outsiders have taken note of our work.

When Moody's gave us a stable outlook in 2009, they noted that our financial operations are "**well-managed;**" they complimented our "**willingness to make difficult budgetary decisions to reduce expenditures**" and our "**demonstrated commitment to making the necessary cuts**"; and they cited that "**significant efficiencies** have been gained" by our reforms.

Perhaps most importantly, this belt-tightening **positioned us well for the future.**

Making tough decisions now has put the size of government at a level that we can sustain through unpredictable times. If revenue is flat, or goes up, we will actually see surpluses. And even if it falls, we will be able to weather the storm.

And my hope is that we've all learned a valuable lesson: as revenues come back (and they will), let's use them to build a healthy reserve. Don't squander them on costly new commitments. Either invest new dollars well in ways that create more growth, or store them away. Because more rainy days will come.

### **Our Priorities: Recovery, Jobs, Infrastructure**

But government is not just about balanced budgets. Unless you're the federal government, balancing budgets is the law. And it's the fundamental responsibility of public officials.

Equally important is what you do with the investments you make. What vision do you establish? What priorities do you set? What results do you produce?

As I explained last year, our top priority has been to **get through the short-term crisis**, while **investing for the long term** so we are more permanently competitive once the crisis has passed.

## Helping County Families through the Crisis

The most immediate step was to help County families struggling in this recession. Because a stable middle class, and stable working families, are the key to any economic rebound we'll see.

I'm happy to report that the initiatives I promised last year are generating good results for our families.

I committed to **fight foreclosures**, and our free foreclosure counseling has now saved a total of 2,175 homes from foreclosure, including our best year yet, 985, in 2009. Conservatively, this would have been more than \$50M in lost property value. This year, we will **triple the level of counseling** thanks to the help of the Treasurer, Prosecutor, and state legislature.

Last year, I announced that we had just launched a **prescription drug discount card**. In just its first year, the card was used 17,000 times. Citizens saw a price savings of 21.17%, generating \$200,000 so far in savings, and usage increasing almost every month. This is real dollars in our families' pockets.

And I mentioned before the startling number of **hardest-hit families** seeking food stamps, work support and Medicaid. Well, our hardworking County employee--despite the fact that their own ranks were reduced--were up to the challenge. The numbers I cited were not simply of citizens looking for help--but the number that received help after walking through our County doors.

And we've worked to connect others in need, be they **veterans** to the benefits they earned through their service, or **working families** to the **Earned Income Tax Credit**. Often, the boost from our work was the difference between a family making it, and falling into poverty.

So in every way we were able, we've boosted, pulled, assisted and stabilized the plight of middle class and working families caught up in the economic crisis. We've saved homes and reduced family costs, provided a boost and lent a helping hand. We believe it's made a difference, for them and for our broader economy. And we will build on this work in 2010.

## Creating and Retaining Jobs

Amid this work, though, nothing makes a bigger difference to individuals or the communities than good jobs.

So we are **pushing aggressively for job growth**. Over and over, we've competed to retain and bring new jobs to the County, and scored some big victories.

But it started with putting our money where our mouth was--despite the tough budget, this board held our economic development efforts harmless, and the results proved that decision a wise one.

From the big to the small. Two examples.

On the large scale, we were thrilled to work with the state, Evendale, and **GE Aviation** to secure an agreement for a more than \$100 million investment to upgrade GE's aging Evendale facility. This deal anchored GE's presence in our region for the long term, maintained aerospace propulsion as one of our great strengths, and retained 5,400 jobs. Let me thank GE, represented today by Megen Lillich and Jeff Blakeman, for making this long-term commitment to our region.

But we also have helped many small and medium-sized businesses grow as well. One example: **Maverick Corporation**, which began its operation at the County's business incubator in Norwood. Maverick has grown from 2 entrepreneurs (former GE employees, by the way) to 125 employees, now manufactures polymer components for such companies as Boeing, Ethicon, GE, Pratt and Whitney and Raytheon. And this year, Maverick will consolidate its Ohio operations to their Blue Ash location, further anchoring them as a growing County business.

Robert Gray, one of the founders of Maverick, is here today. Thank you, Robert, for what you are doing to bring jobs to Hamilton County.

These are just two examples of the **51 economic development projects** that took place here in 2009. Together, they retained and created more than **13,000 jobs**, generating **\$309M** in investments. And our business incubator and small business loan programs continue to kickstart dozens of smaller companies that will someday be the Mavericks, and maybe GE Aviations, of the County.

And we kept aggressively marketing our region to visitors and tourists, besting our peer cities and generating \$59 million in economic impact in 2009 alone. Two huge wins in 2009 were landing the **World Choir Games** in 2012, when we will be the global capital of singing for several weeks, and the **Fraternal Order of Police Convention** in 2013, when we will definitely be safest city in the world for a week.

But as much as anything we can do to directly create jobs and bring new dollars to region, we also must build a **competitive environment** that allows the private sector to retain and create those jobs. And we did that as well.

As I promised last year, we consolidated previously fragmented County regulatory departments to streamline the development process, and add a single point of accountability to cut through red tape. And we took other steps to be more customer

friendly, such as creating a web portal to make the development process more easy and accessible.

With respect to taxes, we held the line to be as competitive as possible. I clarified last year that, according to Forbes, of Ohio's **six largest urban counties**, Hamilton County had the **lowest property tax**, as a percentage of income, in the state. And of the top 6 urban Ohio counties, we are tied for the **lowest sales tax**.

Not only did we hold the line on taxes . . . but as I committed last year, for those levies we directly control, we **actually lowered the County levy rates** even further.

Finally, let me say that a huge job opportunity awaits us in the passage of the casino measure in Ohio. In the last decade, Indiana's little secret has not been the casinos themselves, but how government has used those revenues to compete for Ohio jobs by providing infrastructure and incentives. Too often, their use of that revenue stream made all the difference, as it did to land the Honda Plant just over our Western border. Once our casino revenues come in, we should use them to **compete for jobs as much as possible**.

Finally, when it comes to jobs, we didn't just create them. We did everything we could to get connect our citizens to them.

Our SuperJobs center continues to be a leader in the state, **linking 2,200 people to jobs, and providing job training to 660 youth in our community**. And we created important new efforts to train citizens for careers in health care, construction and green job industries. We want every job we create through economic development efforts and investments to become a job and career opportunity for County residents.

### **Building a Competitive Infrastructure**

Finally, a robust, growing economy will only happen here if there is a strong infrastructure on which to build it.

Again, this is an area where we have competed, we have landed big wins and created jobs, and we have made critical investments for the future.

First, with the housing crisis bringing blight and foreclosures, it's become critical that we invest to **revitalize those communities hit hardest**. So Main Streets across Hamilton County see investment just as Wall Street has.

The County moved aggressively to meet this need, investing \$8M from a federal grant to tear down blight and rehabilitate housing in 16 neighborhoods from Cheviot, to Woodlawn, to Colerain Township.

Building on that success, we recently won an even larger grant. Lincoln Heights, Evanston and Avondale, and 4 other communities, will share \$24M to revitalize some of their most distressed properties. Those projects are set to begin as soon as April.

By the way, 500 communities across the country competed for this grant. Less than 60 won it. And the main reason? We worked together, arm in arm with the City of Cincinnati, and by applying jointly, rather than separately, we got it done. A great lesson on regionalism.

At the same time, if we're going to compete, we need to **develop and upgrade as many commercial sites as possible**. When competing against rural counties and greenfields for businesses to locate here, having commercial ready sites is absolutely critical. And we are answering this call.

We are tackling brownfields/urban sites in Forest Park, Silverton, Lincoln Heights and other communities.

We are working to revitalize business districts in Blue Ash, Lockland, Harrison and others, and have added attractive tax abatements to spur developments in Madeira, Columbia Township and others.

And our Port Authority continues to reclaim brownfield sites all over the County.

We also need to upgrade our **underlying infrastructure**, like **sewers, roads and transportation**. If these are not modern with sufficient capacity, they become a huge bottleneck to new development. But with solid infrastructure, we can compete.

So we are moving forward with historic investments to upgrade sewers across the county, while our Engineer is making millions of dollars in road improvements in strategic areas.

And we are planning new freight and port transportation investments to take advantage of our unique strategic location--on a river, and within 600 miles of half the nation's population.

We have also aggressively pursued a **green infrastructure strategy**, investing federal dollars to retrofit and make far more efficient public buildings throughout the County. And have formed a unique regional alliance to help homeowners and businesses make similar upgrades to save dollars and reduce energy usage.

Other critical infrastructure projects span from our Northern border, with the expanded Sharonville Convention Center giving us a asset to attract conventions and visitors; to our Southern boundary, with the Banks project which, on time and under budget, will burnish the front door to Ohio and Hamilton County.

Again, all these investments create jobs--construction jobs, green jobs, engineering jobs--in the near-term, and competitiveness in the long term.

So despite the tough economy, and the urging of some to just shut down all economic activity and hope for a recovery, we've done the opposite. We've pushed, we've pulled, we've competed, we've boosted, and we've invested. And signs of late show that this activity is already making a difference:

- **Sales tax:** after the dismal numbers I mentioned, November through January sales tax saw a big jump from May through October, and above our projections
- **Home sales:** after three years without a single month of growth, 5 of the past 7 months saw growth; Nov – almost the best month in three years by two times!
- **County Unemployment:** it's still too high, but has recovered from its worst levels in the middle of the summer; and we remain one of the top 15 counties out of 88 with the lowest unemployment numbers.

### **Reforming Government: Transparent, Ethical, Efficient**

In addition to being fiscally responsible and pushing for economic growth, we've taken other steps to improve as well.

We have become more **transparent than ever before**, putting all spending on line, and bringing our meetings out to the community. We will soon unveil an interactive map of all economic development and infrastructure investments so citizens can see how dollars are being invested.

As I promised last year, we created an **ethics manual** for both our employees and the public, to ensure that all know the ethics and principles of good government. Because there's no quicker way to assure wasteful spending or worse than poor ethics, inappropriate hiring, or over-politicized decisionmaking.

We have sought to **innovate and modernize** County government in numerous ways--continuing to push for sharing services, and this year are undertaking a review of the entire form of County government, to see if it needs to be upgraded as it has in other parts of the state.

And once again, people have noticed this work. . .

Just like Moody's recognized our fiscal responsibility, our innovations and creativity have received **national recognition**.



The **National Association of Counties** bestows awards on counties across the country for innovations and best practices. In 2009, Ohio's 88 counties won a total of 13 awards. **Six of those honors** went to Hamilton County . . . for efforts from expanding recycling, improving child support collection, to encouraging employees to improve our efficiency.

### **Public Safety, Our Top Budget Priority**

But amid all that the County does, make no mistake, alongside economic development, **our top goal and responsibility is to keep our people safe.**

Which is why even during tough budget times, public safety remained our top general fund priority--**70% of the budget**. Setting this budgetary priority paid dividends.

We worked with the Prosecutor to hold his budget harmless, and ensure not one prosecutor would be laid off.

We worked with the Sheriff, to find the savings and stimulus dollars to rehire 35 Sheriff's Deputies back onto the force.

And we worked with the coroner to eliminate the need for shutdown days--which threatened investigations and prolonged the anguish of grieving families.

### **Corrections: Reforms to Save Money and Enhance Safety**

But despite all that, it's no secret, we continue to face a corrections challenge due to high demand and limited resources.

In addressing this, my message this year is the same as last year. Voters have given us a clear mandate of how much space and resources we have. After several long community debates, the voters said no to attempts to spend more dollars on jailbeds.

So with that mandate of limited space and resources, our job is simply to **run the smartest, most effective system possible**--so that every single jail bed and criminal justice dollar we have is used as effectively as possible to improve safety.

To do this, I called last year for a series of reforms. And in 2009, and now in 2010, we are enacting them.

The Sheriff is adding to and modernizing our **electronic monitoring unit system**, an economical way to free up jailspace while keeping an eye on offenders who need the extra attention while awaiting trial.

Clerk of Courts Clancy is rolling out a **civil collection process**, as opposed to law enforcement and arrests, to track down uncollected fines--which will save money, save jailspace and lead to better collections.

And we are focused on those populations that disproportionately end up taking up all sorts of jailspace, often unnecessarily.

For those facing **mental illness**, under Judge West's leadership, we now have a Mental Health Court at the felony level. Under this approach, we can *treat* mental illness and not simply criminalize it with no end in sight. And we are bringing a similar focus to **homeless** individuals who too often end up in jails more than shelters.

I mentioned last year the need to address the tragic crisis of far **too many veterans** ending up in our criminal justice system. In 2009, the state of Ohio has identified the County as *the* state's demonstration site in how to address this trend; and a planned Veterans Center in Camp Washington will soon bring dignity, and end the downward spiral, for veterans returning home with serious mental or emotional challenges.

And with **substance abuse** driving so much criminal behavior, we continue to support our drug court; while also supporting prevention programs such as Drug Free Cincinnati and Off the Streets, which has changed the lives of hundreds of women previously caught up in the world of addiction and prostitution.

More broadly, the best way to reduce overcrowding is to stop the revolving door of those who are arrested and show up again and again for less serious offenses. So we have continued to **bolster our reentry process**--where we assess and then address the underlying root causes of their criminal behavior. This effort is freeing up thousands of jail days, and reducing crime.

Best news? Issue 4--passed in November--provides **ongoing funding** for all these cutting edge reform efforts. While voters have said no to more expensive solutions, they approved this small but critical levy, allowing us to sustain these proactive, cost-saving programs.

In 2010, there is still far more to do. And it starts with still more **accountability** and more **efficiency**, and being "smarter" in the way the courthouse is run. Whether it's increasing efficiency in the way we **schedule** court hearings, demanding more accountability and far better results within our **probation department**, or reintroducing a **robust mediation process** to reduce the flood of minor disputes drowning our courthouse, important reform work is underway.

And we've initiated further efforts at prevention. To name just two:

Last year, we focused on ensuring we had as many foster and adoptive parents as possible. This year, thanks to Commissioner Hartmann, we have begun a program to **mentor those foster kids who age out of the system** never adopted, who statistics show are the highest risk kids out there. Helping these foster kids is the best prevention imaginable.

And under the leadership of Commissioner Portune and our JFS Director Moira Weir, we recently initiated new efforts to **battle both violence and abuse against children** in their homes and communities.

I'm not here to understate the pressure on our criminal justice system due to great demand and stretched resources. It remains a major challenge. But we are pushing for badly needed reforms to make the system more efficient, more effective, and, most importantly, more safe.

### **Challenge for 2010 and Beyond: Maintain the Bipartisan Approach**

I'm staring at that big bell, so I'll refrain from giving you any more details on our work. But as I close, let me make one final observation.

I'm proud of what we've done. And I'm equally proud of **HOW** we got so much done through challenging times.

In Columbus, and in Washington, we are seeing partisanship run amok. Most of the time, an idea is immediately judged, accepted or rejected based on the political party of who put it forward. This is leading to paralysis on most important issues of the day, and many people giving up on the political process altogether, including politicians themselves.

Here in Hamilton County, we have not fallen into that trap. Maybe that's because politically, we're a 50-50 county. Or because we have a healthy balance of Republicans and Democrats in County offices. Or because many of us realize that when elected to office, we represent all our citizens, not just those who happen to be in our political party.

Sure, there are disagreements. That's what our system is all about, and that's healthy.

But with few exceptions, those disagreements are not based on who's in what party. And a disagreement on one issue has not stopped agreement and partnership on so many others. Generally speaking, across the county, we've had healthy working relationships, been open to ideas, and worked together.

Which is why you've heard throughout my remarks, references to both commissioners. Engineer Brayshaw. Joe Deters. Patty Clancy. Bob Goering. Your good friend and mine Sheriff Leis. And both sides of the state legislature. Most everyone has contributed.

At this serious time, this **more serious-minded approach** is exactly what citizens should expect and demand. And especially as we face serious challenges at all levels of government, I believe this is the only way we're going to solve the problems before us.

So as we tackle the big problems on the horizon, whether it's finding the solution on the stadium fund, or how to grow more jobs, or how to keep our people safe, let's all commit to continuing the **honest, open, and largely bipartisan dialogue** we've seen here in Hamilton County. And let's pledge to do so even when elections--and yes this is an election year--tempt some to divide us along the same rigid lines that are paralyzing so many other governments.

In an age that seems to be getting too political and too partisan in too many places, let's continue to work together to get the job done for the people of this great county.

Thank you.